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ABSTRACT

A few key trends in higher education and the current federal philosophy of support to higher education are addressed. It is noted that higher education is becoming increasingly accessible to all segments of the population and that increasing numbers of students put priority on learning skills they need for employment rather than on a general education. More people beyond the usual college age of the late teens and early twenties are enrolling in postsecondary education, and the idea of lifelong education has spread. Federal efforts have been concentrated on equalizing opportunity, improving the quality and relevance of education, and providing limited general support to state and local education agencies, developing postsecondary institutions, and adult and vocational education. The financial plight of higher education and the impact of inflation is discussed, as illustrated most starkly by the small private liberal arts colleges in the U.S. Variables that will affect the future of higher education are seen as the federal education policy, the economy, the nature of society, and ethnicity and social class. (LBH)

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HIGHER EDUCATION MANAGEMENT IN TODAY'S WORLD *

T. H. Bell

U. S. Commissioner of Education

Thank you for the opportunity to be with you tonight and share with you some of my thoughts about higher education's situation in today's world -- and some of my qualms about where higher education may find itself in tomorrow's world.

I would like first to survey a few key trends in higher education, then to discuss the current Federal philosophy of support to higher education. After that I want to explore the financial plight of higher education in these times, as illustrated most starkly by the 700 or so small private liberal arts colleges in the Nation. Finally, a few glimpes of the future as I see it.

Higher education is becoming increasingly accessible to all segments of the population. College enrollment of nonwhites now makes up 10 percent of all students. Enrollments of blacks have increased by more than 200 percent in the past eight years. Enrollments of women have grown from 39 to 45 percent of total enrollments in about 10 years. In the same time, reflecting a change in public attitudes, most single-sex institutions have gone coeducational.

Two trends have appeared that are likely to continue at least through the end of the decade.

First, increasing numbers of students put priority on learning skills they need for employment rather than on a general education. This, along with the search for an affordable education, has spurred the growth of the public two-

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year community college during the first years of the 1970's. Estimates for 1974 indicate that enrollments in two-year colleges increased by about nine percent compared to 3.2 percent in four-year institutions. Two-year institutions currently enroll approximately a third of all postsecondary students.

Second, more and more people beyond the usual college age of the late teens and early twenties are enrolling in postsecondary education. The idea of lifelong education has spread widely. Colleges and universities are beginning to offer greater flexibility in program offerings as well as in the ways their programs may be pursued. A growing number of off-campus programs are now available to students of all ages at home and at work.

Although the Federal Government contributes only about eight percent of the support of American higher education, its role is highly important. The dollars that the Federal Government puts into a college often make the difference between services being made available and needs being ignored. At the present time, major Federal efforts focus on these priorities, at all levels of education:

1. To equalize the opportunity for education for groups and individuals who are at a disadvantage for economic, racial, geographic, or physical or mental handicapping reasons.
2. To improve the quality and relevance of American education, primarily through research, development, experimentation, demonstration, dissemination, and training.
3. To provide limited general support to such selected entities, functions, and activities as State and local education agencies, developing postsecondary institutions, and adult and vocational education.

By now, I am sure, everyone in this room is aware that the philosophy of the present Administration with regard to higher education is that Federal funds are channelled to colleges and universities most efficiently through their students. That is why, with the major exception of the Developing Institutions program, it is seeking to eliminate or sharply cut back most institutional support.

The Administration feels that in the end its approach will be a shot in the arm for American colleges and universities because it will force them to compete for the student's dollar and thus force them also to redesign their academic offerings to give today's students what they need and want.

More responsive academic offerings -- and the more student dollars they will attract -- should certainly go a long way toward relieving the financial pinch in which many colleges find themselves today.

Current economic pressures pose no major threat to the actual life of public higher education. They contribute, rather, to a clearer definition of priorities.

On the other hand, independent colleges have felt the slump keenly, especially the smaller ones -- the ones that I indicated earlier I would like to examine in some detail as strikingly illustrating the condition of all non-public higher education.

From 1965 to 1974, total degree-credit enrollment in our roughly 700 small private liberal arts colleges increased approximately 27 percent. During the past five years enrollment has remained relatively constant at about 645,000, with individual enrollments generally ranging from 500 to 2,000. However, about 140 of these institutions still enroll fewer than 500.

In 1965, 75 percent of these colleges classified themselves as religiously affiliated, but by 1974 this had declined to 63 percent. In 1965, 52 percent were coeducational; in 1974, 80 percent.

A number of factors have contributed to the difficult economic circumstances of the small private liberal arts colleges. The imperative to increase income from students has forced tuition rates higher, has increased the student cost of attendance in comparison with that at public institutions, and has made the choice of a small private college increasingly difficult to exercise.

Enrollments, now relatively stable, may therefore decline as inflation-driven operating costs rise, forcing further tuition increases and further enrollment losses. Higher tuition charges invariably result in increased demand for student aid, often causing a reduction in funds available for institutional purposes.

From 1966 to 1970 the ratio of openings to closings of private institutions of all sizes was roughly six to one -- 119 opened, and 19 closed, merged, or became public. The first half of the 70s disclosed a drastic change in the pattern. From 1971 through 1975, 103 opened, and 63 closed, a ratio of about 1.5 to 1.

Startling as these overall figures for private higher education may be, however, the figures for small colleges are even more so. Fifty of the institutions that closed, merged, or went public from 1971 to 1975 were small private liberal arts colleges.

What is causing the economic distress of private institutions of higher education?

For one thing, during the past 10 years, total degree-credit enrollment in all higher education has grown at a greater rate than the population -- from

5.5 million to 9.3 million, or 69 percent. However, within that enrollment growth, more than 90 percent has been in the public sector. The private sector's share of total degree-credit enrollment has declined from 34 percent to 24 percent.

A major reason for this unbalanced growth seems to be the increasing public demand for occupational offerings, which is not easily addressed by the private liberal arts colleges. The expanding gap between the costs of attending public and private institutions is certainly another reason.

Annual student tuition and fee charges at the average four-year public college increased from 1964-65 to 1974-75 by 94 percent, some $208. The same charges at the average private institution increased 109 percent, or $1,120. Nor do tuition and fee charges tell the whole story. Adding basic costs for room and board, books and supplies, necessary travel, and other personal expenses, the average student cost for a public four-year institution was actually $2,232 in 1974-75 -- and for a private four-year institution it was $3,942, roughly twice the cost for a public institution.

Since the student costs of attending a private institution are about twice those of attending a public institution, student assistance expenditures are correspondingly higher on a per-student basis in the private sector, and the strain on institutional budgets is correspondingly greater.

In 1974, the latest year for which we have figures, public institutions were expending $655 million on grants to students. Two thirds of this amount was offset by earmarked income. The rest was covered by other institutional income. Small private liberal arts colleges were expending $213 million on student grants, with only 56 percent offset by student grant income. Their short supply of student aid, relative to demand, drains off funds which would otherwise be available to sustain quality programs. This creates pressure for further

increases in tuition. But, if tuition is rasied, more students need aid, and here we have another cycle of pressures on operating budgets.

No discussion of increasing college operating costs would be complete without emphatic mention of inflation.

Inflation has commanded increasing national attention the past two years. But inflation for higher education began to exceed 4 percent in 1965, when the rate for the general economy was less than 2 percent. Institutional operating costs have increased 91 points during the past ten years, compared with an increase of 68 points in the Consumer Price Index.

Inflation-driven cost increases in the public sector generate pressure to increase State support. In the private sector, they can only generate continual rounds of tuition increases, supplemented from time to time by campaigns for contributions.

During the past ten years, small private liberal arts colleges have experienced increases in operating costs almost exactly parallel to those in the public sector. However, in the absence of comparable enrollment increases, per-student operating costs in the small private colleges advanced from a point in 1965 where they were actually $266 less than public institutions to a point in the late sixties where they matched the publics. By 1972 they exceeded the publics by $190 and appeared headed toward a differential of $630 by 1975.

The competitive position of the private liberal arts colleges has been seriously eroded and continues to deteriorate.

Plant operation and maintenance costs are an especially heavy burden on the small private colleges. Most long-term indebtedness at these colleges was

generated by construction programs during the enrollment expansion of the 1960s. Most of the several hundred institutions that participated in Federal construction aid programs have handled debt service remarkably well. However, 78 small private liberal arts colleges have been forced to get moratoriums on repayment of loan interest and principal.

For the private sector as a whole, Federal Government support did not expand in direct relationship with increasing costs. This was partially offset by increases in income from private gifts, endowment earnings, and other sources. Nevertheless, small liberal arts colleges, in the eight-year period for which data are available, were forced to rely upon student tuition and fees to support almost two thirds of their educational and general operations. Marginal shifts of income from such other sources as Federal appropriations, endowment earnings, private gifts and grants, and miscellaneous sources tended to offset each other. The steady reliance on income from students to meet almost two thirds of all operating costs has necessitated an increase from less than $500 million to more than $1 billion in total tuition and fee income to meet operating costs.

Since the mid-1960's, a number of States have moved to establish assistance programs for students attending private institutions, to provide general-purpose assistance directly to provate institutions, and to broaden statewide planning so that the private sector is involved.

About a dozen States make substantial assistance available to students in the private sector, and another 25 have begun to. Legal barriers, an unfavorable political climate, or a very small private sector has prevented the remaining States from aiding students in private colleges.

About a dozen States have programs of direct grants to private institutions. These are concentrated in a few States, with New York alone accounting for over half of all such State assistance.

Even from the brief review I have given you, it is plain that the Nation's small private liberal arts colleges, so long a proud part of our tradition, are in peril. What can be done to help them? Let me tell you a few of my thoughts on what our National policy should be in this regard.

Consistent with the national commitment to expand educational opportunities for all citizens, and the traditional commitment of the Federal Government to support that goal, a number of steps could be taken to assist the small liberal arts colleges and their students and to stimulate increased support from State governments and voluntary sources. Such steps should be guided by the following principles:

National policy should seek to assure both access to postsecondary education and reasonable choice among institutions and programs for all students.

National policy should recognize that private institutions are essential resources for the fulfillment of public needs. They contribute to diversity and innovation in postsecondary education and help promote excellence by competing with and complementing other sectors.

Federal policy should complement and supplement State policies related to the private sector by encouraging States to increase the benefit levels in their student assistance programs, by encouraging State efforts to assist the private sector, and by recognizing the importance of statewide postsecondary planning which considers and involves the private sector.

Federal policy should provide for continuity in Federal programs. When changes are made, Federal policies should provide adequate transition time to make complementary changes in State and institutional programs.

I will close my remarks with some looks into the future of American education -- all levels of it -- but before I close I want to share with you a concern that has been growing in me lately and to ask that you give this concern some thought too.

What troubles me is the decline of public confidence in education generally--and higher education in particular.

Fred Hechinger wrote perceptively in a recent issue of Saturday Review that "America is in headlong retreat from its commitment to education" and warned that what is at stake "is nothing less than the survival of American democracy." He continued:

> Let us have no illusions about an American future with declining confidence in universal education and diminished access to higher learning. A slowdown in the escalator of upward mobility constitutes a break with the most fundamental American ideals. The consequence will be a stratified, classbound society ruled by a self-perpetuating power elite of economic and social privilege. It would be the end of the road that was opened by Thomas Jefferson when he called for a new aristocracy of talent to replace the old aristocracy on inherited power.

The Council for Financial Aid to Education reports a decline in 1975 of $80 million, or 3.6 percent, in voluntary giving to higher education below the previous year. Religious bodies, foundations, and individuals -- alumni and

non-alumni -- all were reported to have given less. The CFAE attributes these declines in large part to the steep decline in the stock market. There is, however, a lurking suspicion on the part of many people that some part of the explanation rests in a growing disenchantment with the university community.

Given these data, and given the growing budget constraints placed on State and Federal legislators even in the face of more and more pressing societal demands, it is imperative that colleges and universities put forth their best justifications for continuing to provide opportunities for education to all individuals who can benefit from them. They need to articulate more clearly the values of sound career preparation, and the value of educational experiences that better enable people to understand the economic, social, technological, political and cultural forces which will enhance life for individuals and the society.

Now that look at the future. Several major variables will affect the trends I have described as time goes by. Critical among them are:

First, Federal education policy. There has never been a single coherent Federal education policy. Rather, there have been numerous policies, directed toward specific national objectives.

Second, the economy. Continuing inflation and recession would most likely fuel the debate about the basic purpose of education in America, and those who favor the traditional structure would most likely gain.

Third, the nature of society. The idea of a society devoted primarily to leisure, with consequent changes in the education system, has failed to materialize and seems unlikely to materialize in the near future. Increasingly, however, Americans are willing to regard schooling as a service to be used when needed or desired.

And, fourth, ethnicity and social class. Considering developments of recent years, Americans may never again regard their schools as the great melting pot. If the trend toward pluralism continues, the concept of equal opportunity in education will have to undergo further redefinition. In the future, equal opportunity may come to mean the development of diverse individual capabilities to the fullest extent possible.

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